

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE :
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CURRENCY CONVERSION FEE
ANTITRUST LITIGATION : ORDER

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THIS DOCUMENT RELATES TO: :
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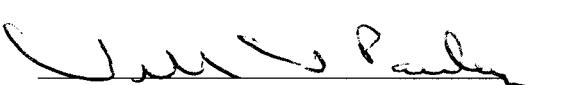
ALL CASES :
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WILLIAM H. PAULEY III, District Judge:

On June 27, 2008, this Court received the attached "Explanation of Billing by ARPC 2007 though May 2008."

Dated: July 10, 2008
New York, New York

SO ORDERED:


WILLIAM H. PAULEY III
U.S.D.J.

Copies to:

All Counsel of Record

Currency Conversion: Explanation of Billing by ARPC 2007 Through May 2008

May 2007 - September 2007

<i>Conference Calls and Meetings</i>	<i>48 hours</i>
<i>Review Docs and Data</i>	<i>32 hours</i>
<i>Report on Methodology</i>	<i>2 hours</i>
<i>Claim Form, Cover, Reports</i>	<i>63 hours</i>

The specific requirements for Options 1 and 2 were developed and discussed in a series of meetings during May and June 2007. Data sources were identified and claims received from the original notification were reviewed. ARPC attended repeated meetings with the parties.

Claim forms and Option 1 and 2 procedures were drafted by early September 2007 and multiple drafts of the claim cover and forms were completed and discussed in meetings and calls between ARPC and all parties. Submissions by both plaintiff counsel and defendants were reviewed, discussed, and incorporated in drafts. Final claim forms and procedures were tested and drafted based on the results of cognitive interviews and final comments by the parties with alternative drafts of the claim cover and forms.

September 2007 - December 2007

<i>Conference Calls and Meetings</i>	<i>62 hours</i>
<i>Data Collection and Preparation</i>	<i>38 hours</i>
<i>Development of Methods and Data Analysis</i>	<i>96 hours</i>

From September to December 2007, there were an additional three major efforts.

First, matching and deduplication procedures were discussed with all parties and the final procedures were determined in order to effectively process the 40 million credit card holder records submitted by the defendants.

Second, meetings, conference calls and document request drafts were prepared and circulated to the defendant banks. This effort focused on the type, extent and format of the data to be provided by each defendant bank. Each defendant bank negotiated different data sets and conditions under which ARPC would have access to analyze the data. Two banks limited actual analysis to Heffler staff, under the direction of ARPC, which necessitated written sets of instructions and ARPC's presence at Heffler's office in Philadelphia. Programs were developed to read and analyze each bank database.

Third, public sources of data were identified in order to develop spending estimates for air travelers and for cross-border visits to Canada and Mexico. Three primary sources of data were identified, and the relevant data were gathered, standardized, and combined.

U.S. Commerce Department Data

The U. S. International Trade Administration, a division of the U.S. Department of Commerce, conducts surveys of international air travelers to all destinations except

Canada. The survey data are expanded to represent all U.S. travelers based upon Department of Homeland Security data.

Certain summary tables are publicly available. ARPC downloaded all of the summary tables from 1996 through 2006. Over the years, there had been changes in the format of the tables, requiring standardization of all tables before combining the years into one database. An example of a single page of tables from the Commerce website is below:

**1999 Profile of U.S. Resident Travelers Visiting Overseas Destinations
Reported From: Survey of International Air Travelers(IFS)**

Printing Note: Set your print mode to landscape and/or reduce your margin settings if this document is too wide for your printer.
Posted January 2000

(Page 7 of 8)

► [Download data \(.csv\)](#) ► [Previous Page](#) ► [Next Page](#)

U.S. RESIDENT TRAVELER CHARACTERISTICS: Total Number of Travelers**	All U.S. Travelers 24,579,000	For Leisure & VFR 19,491,000	For Business & Conv. 8,406,000
Leisure/Recreational Activities*:			
Dining in Restaurants	86%	85%	90%
Shopping	76%	80%	68%
Visit Historical Places	53%	59%	41%
Sightseeing in Cities	46%	50%	36%
Visit Small Towns/Villages	44%	50%	28%
Touring the Countryside	38%	45%	23%
Cultural Heritage Sights	31%	36%	21%
Art Gallery, Museum	29%	34%	22%
Nightclub/ Dancing	24%	26%	18%
Water Sports/Sunbathing	22%	25%	12%
Guided Tours	17%	20%	10%
Concert, Play, Musical	15%	17%	12%
Ethnic Heritage Sites	13%	14%	7%
Amusement/Theme Parks	10%	11%	5%

Casinos/Gambling	8%	9%	4%
Golf/Tennis	7%	8%	6%
Camping, Hiking	5%	6%	3%
Cruises, 1 or More Nights	5%	5%	2%
Environmental/Ecological Sights	4%	5%	2%
Attend Sporting Events	4%	4%	3%
Hunting/Fishing	3%	4%	2%
Snow Skiing	2%	2%	1%
Average Total Trip Expenditures:			
Per Travel Party	\$4,228	\$3,753	\$5,074
Per Visitor	\$2,799	\$2,342	\$3,955
Average International Airfare:			
Per Travel Party	\$1,967	\$1,490	\$2,708
Per Visitor	\$1,368	\$980	\$2,135
Average Expenditures Outside the U.S.:			
Per Travel Party	\$1,927	\$1,836	\$2,173
Per Visitor	\$1,275	\$1,146	\$1,694
Per Visitor Per Day	\$84	\$74	\$124
Trip Payment Method			
Credit Cards	54%	49%	69%
Cash	34%	37%	24%
Travelers Checks	9%	10%	5%
Debit Cards	4%	5%	3%

*Multiple Response.

**NOTE: Percentages listed in this profile can be converted into estimated numbers by multiplying the percentage by 24,579,000 (total U.S. Residents visiting overseas destinations), 19,491,000 (Leisure % Visit Friends/Relatives) and 8,406,000 (Business &

ARPC acquired the original survey instrument and technical documentation and examined each relevant table. ARPC also examined other sources of information, such as reports from other government agencies, academic studies, and travel/tourism industry literature. As a result of detailed comparison, ARPC determined that the median expenditure is substantially lower than the average expenditure for most types of travel; the average expenditure is higher because of relatively few travelers who spent very large amounts. ARPC also determined that travel patterns for leisure and VFR (Visiting Friends or Relatives) are substantially different for the two groups, with VFR travelers spending longer periods abroad but spending less per day.

ARPC conducted interviews with the Commerce Department survey supervisor concerning some possible inconsistencies in the data. For example, the average daily expenditure is very similar for each year from 1996 to 2006. ARPC questioned this pattern to make sure that no adjustments, such as inflation trends, had been made.

ARPC designed and purchased additional tables from the contractor for the survey. These tables included air travelers to Mexico, who were excluded from the original tables, separated Leisure and VFR travel, provided medians as well as averages, and provided additional information on travelers using pre-paid tour packages.

Stats Canada Data

Canadian travel information is available through Stats Canada. Separate surveys are conducted for air travel and for non-air travel. The Canadian data were processed as described above, with standardization and merging of tables for each year, examination of survey instruments and technical documentation, an interview with a Stats Canada representative, and examination of other sources of information.

Banco de Mexico Data

Mexican air travel information was included in the purchased U.S. Commerce tables. Information on non-air travel is collected through the Banco de Mexico and available through Mexico's Ministry of Tourism DataTur system, which reports on same-day and overnight travel. The work was similar to that described above, but further complicated because data and documentation is available only in the Spanish language. ARPC used the translation skills of an ARPC consultant and developed a translation sheet for terms used in tables.

ARPC Combined Database

ARPC standardized and combined data from the above three sources. The resultant database combines information on U.S. air travelers, same-day and overnight travelers to Canada, and same-day and overnight travelers to both border and interior sections of Mexico. Not all relevant information was available for each type of survey. For example, surveys administered to airline passengers contain many more questions than surveys administered to same-day border crossers. ARPC grouped similar questions together, and where information was not available, extrapolated from available information. For example, neither Canadian nor Mexican same-day surveys ask about the purpose of travel. Therefore, purpose of travel was extrapolated from the overnight

surveys for each country. At the conclusion of this effort, initial estimates of spending were determined.

January 2008 – February 2008

<i>Conference Calls and Meetings</i>	<i>13 hours</i>
<i>Document Review</i>	<i>12 hours</i>
<i>Data Analysis</i>	<i>154 hours</i>
<i>Reports</i>	<i>38 hours</i>

At the request of the parties, ARPC participated in status calls that were generally held every week and reported on algorithm developments. Analysis of bank data was completed to provide an additional estimate of credit card spending.

ARPC coordinated with Heffler for receipt of Option 2 data to that point, and established the format for the Option 2 claims database to be used by ARPC in the algorithm development. Electronic Option 2 claims data were delivered to ARPC. These data also required development of programs to read and analyze the data. Regression techniques were used to establish an estimate of the final number of claims expected, and received claims were compared against the forecast on a weekly basis.

At the conclusion of the data collection, standardization, extrapolation, and other analytic procedures involving the public data, ARPC developed averages and medians that summarize the international travel experiences of U.S. residents during the class period years of 1996 through 2006. The final estimates of typical daily spending were weighted to reflect differences in number of trips taken per year, the length of the visit, and average expenditures. The results were applied to the forecasted Option 2 data for preliminary refund estimates.

March 2008

<i>Conference Calls and Meetings</i>	<i>33 Hours</i>
<i>Data Analysis</i>	<i>28 Hours</i>
<i>Reports</i>	<i>22 Hours</i>

ARPC continued to participate in regularly-scheduled status conference calls. ARPC also attended meetings and conference calls in preparation for the Hearing at the end of March, as well as attending the Hearing. ARPC received, processed, and analyzed additional Option 2 data. Alternative foreign transaction scenarios involving proportional share for other credit cards and refund caps and tiers were researched and developed using the public data prepared earlier. Resulting estimates were compared with earlier estimates and reports were prepared, distributed, and revised in advance of the Hearing.

April 2008 – May 2008

<i>Conference Calls and Meetings</i>	<i>4 hours</i>
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ARPC continued to participate in regularly-scheduled status calls, preparing reports on estimates when requested.